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C O N F I D E N T I A L SANTIAGO 000869

SIPDIS

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TAGS: PREL MOPS PE CI

SUBJECT: CHILE, PERU SQUABBLE OVER MULTINATIONAL MILITARY EXERCISE

REF: SANTIAGO 865

CLASSIFIED BY: Paul E. Simons, Ambassador; REASON: 1.4(B), (D)

**¶1.** (C) SUMMARY: A recent flap between Chile and Peru over a multinational military exercise illustrates both countries' tendency to spar publicly over border-related issues. After Peruvian Defense Minister Rey publicly called for the multinational exercise to be cancelled, Chile invited Peru to participate as an observer and with our encouragement modified the exercise scenario. Peruvian press reported Chile's "surrender", prompting the Chilean Minister of Defense to respond that Chile "has never and will never surrender." Chile faults Peru for injecting a multilateral military exercise into the bilateral relationship, but its own failure to consider political factors in the planning stage and subsequent reticence to engage in a robust public affairs strategy deserves some blame as well. END SUMMARY

PERU OBJECTS, CHILE RESPONDS

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**¶2.** (SBU) The bilateral relationship between Chile and Peru continues to be marked by public quarrels over any issue that could be construed as relating to the northern border. Post will report on the overall Chile-Peru bilateral relationship in septel. The most recent spat started on September 17, when Peruvian Defense Minister Rafael Rey publicly called on Chile to cancel the Salitre military exercise scheduled to take place October 19-30 in northern Chile. This followed public assertions that the exercise, an air force operation led by Chile with U.S., Brazil, Argentine, and French participation, was based on a scenario that called for coalition forces to respond to an attack from the north by a fictitious country. Peru, which has an ongoing border dispute with Chile in The Hague, rightly objected to this "northern aggressor" scenario and lobbied the other participants to express its displeasure.

**¶3.** (C) Chilean Minister of Defense Francisco Vidal rejected the idea of canceling the exercise. Privately, at our suggestion, the Chilean Air Force agreed to re-evaluate the scenario and consider extending an invitation to Peruvian officials to participate as observers. Foreign Minister Fernandez acknowledged that it was unfortunate political factors were not taken into account during the planning stage (reftel).

¶4. (C) Chile decided to invite Peru as an observer and changed the exercise scenario, but it is unclear if the Chileans planned to release the revised scenario publicly. According to the Peruvian Ambassador in Chile, Chilean Air Force officials gave a copy of the revised scenario to Peruvian Air Force officials during a intelligence officers' meeting on October 7. Later that day, Peruvian Foreign Minister Jose Antonio Garcia Belaunde publicly announced that Chile modified the scenario to a less controversial one. On October 8, the tabloid Peruvian daily La Razon proclaimed "Chile surrenders to Peru."

¶5. (C) The inflammatory Peruvian press coverage prompted Chilean Minister of Defense Vidal to respond that Chile "has never surrendered and will never surrender." Vidal added that the technical aspects of the exercise remain the same, but the scenario adjustment was made as a goodwill gesture. Chilean Foreign Minister Fernandez declined to participate in the sound bite game, deflecting all questions to the Ministry of Defense. It appears unlikely that Peru will send anyone to the exercise. Chile's leading newspaper cited U.S. pressure as a reason for Chile's decision to change the scenario.

¶6. (C) COMMENT: Chilean officials are taking some internal heat for taking our advice to open up Salitre to Peruvian observers and modify the scenario. At the same time, Chile shares some responsibility for the ongoing melodrama because of its failure to consider political factors in the planning stage and its poor public affairs strategy during the subsequent Peruvian complaints.  
END COMMENT.

SIMONS